CASH CANADA GROUP LTD.
#201, 10358 - 105 Avenue
Edmonton, Alberta
T5H 0K5

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS OF CASH CANADA GROUP LTD.

NOTICE IS HEREBY GIVEN that an Annual General Meeting of Shareholders of CASH CANADA GROUP LTD. (the "Corporation") for the financial year ending January 31, 2004 will be held at the office of Cash Canada Group Ltd., #201, 10358 – 105 Avenue, Edmonton, Alberta, on Wednesday, the 15th day of September, 2004, at the hour of 4:00 p.m. (MST), for the following purposes:

1. To receive and consider the audited financial statements of the Corporation for the year ended January 31, 2004, and the report of the auditor thereon;

2. To elect directors of the Corporation for the ensuing year;

3. To appoint auditors for the ensuing year and to authorize the directors to fix remuneration as such;

4. To transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

SHAREHOLDERS OF THE CORPORATION WHO ARE UNABLE TO ATTEND THE MEETING IN PERSON ARE REQUESTED TO DATE AND SIGN THE ACCOMPANYING INSTRUMENT OF PROXY AND TO MAIL IT TO OR DEPOSIT IT WITH CIBC MELLON TRUST COMPANY, 600 THE DOME TOWER, 333-7TH AVENUE SW, CALGARY, ALBERTA, T2P 2Z3, ATTENTION: CORPORATE TRUST DEPARTMENT. IN ORDER TO BE VALID AND ACTED UPON AT THE MEETING, INSTRUMENTS OF PROXY MUST BE RETURNED TO THE AFORESAID ADDRESS NOT LESS THAN 24 HOURS BEFORE THE TIME SET FOR THE HOLDING OF THE MEETING OR ANY ADJOURNMENT THEREOF.

The directors of the Corporation have set August 13, 2004, as the Record Date for the Meeting. Only shareholders of the Corporation of record as at that date are entitled to receive notice of and to vote at the Meeting, unless after that date a shareholder of record transfers his shares and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that he owns such shares, requests at least 10 days prior to the Meeting that the transferee's name be included in the list of shareholders entitled to vote, in which case such transferee is entitled to vote such shares at the Meeting.

DATED at Edmonton, in the Province of Alberta, this 6th day of August, 2004.

BY ORDER OF THE BOARD

"Ron Vernerey"
RONALD C. VERNEREY
SECRETARY

CASH CANADA GROUP LTD.

INFORMATION CIRCULAR
DATED AUGUST 6, 2004

FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON SEPTEMBER 15, 2004

PURPOSE OF SOLICITATION

This Information Circular is furnished in connection with the solicitation of proxies by the Management of CASH CANADA GROUP LTD. (the "Corporation") for use at the Annual General Meeting of the Shareholders of the Corporation (the "Meeting") to be held in offices of Cash Canada Group Ltd., #201, 10358 – 105 Avenue, Edmonton, Alberta, on Wednesday, the 15th day of September, 2004, at the hour of 4:00 p.m. (MST), and at any adjournments thereof for the purposes set forth in the accompanying Notice of Annual General Meeting of Shareholders.

The solicitation of proxies is made on behalf of the Management of the Corporation. The costs incurred in the preparation and mailing of the Instrument of Proxy, Notice of Annual General Meeting and this Information Circular will be borne by the Corporation. In addition to the use of mail, proxies may be solicited by personal interviews or telephone by directors, officers and employees of the Corporation, who will not be remunerated therefor.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the accompanying Instrument of Proxy are directors and/or officers of the Corporation. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY INSERTING SUCH PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE INSTRUMENT OF PROXY AND DELETING THE NAMES OF THE OTHER PERSONS DESIGNATED OR BY COMPLETING ANOTHER INSTRUMENT OF PROXY.** A proxy will not be valid unless the completed Instrument of Proxy is deposited at the office of the Registrar and Transfer Agent of the Corporation, CIBC Mellon Trust Company, 600 The Dome Tower, 333-7th Avenue SW, Calgary, Alberta, T2P 2Z3, Attention: Corporate Trust Department, not less than 48 hours before the time fixed for the Meeting, in default of which the Instrument of Proxy may not be treated as valid.

A shareholder who has given a proxy may revoke it by an instrument in writing deposited at the office of the Registrar and Transfer Agent of the Corporation, CIBC Mellon Trust Company, 600 The Dome Tower, 333-7th Avenue SW, Calgary, Alberta, T2P 2Z3, Attention: Corporate Trust Department, at any time up to and including two (2) business days preceding the day of the Meeting or, if adjourned, any reconvening thereof, or with the Chairman of the Meeting on the day of the Meeting or, if adjourned, any reconvening thereof, or in any other manner provided by law. Where a proxy has been revoked, the shareholder may personally attend at the Meeting and vote his shares as if no proxy had been given.

VOTING OF PROXIES

All shares represented at the Meeting by properly executed proxies will be voted on any ballot that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the shares represented by the proxy will be voted in accordance with such specification.

IN THE ABSENCE OF ANY SUCH SPECIFICATIONS, THE MANAGEMENT DESIGNEES, IF NAMED AS PROXY, WILL VOTE IN FAVOUR OF ALL THE MATTERS SET OUT THEREON. The accompanying Instrument of Proxy confers discretionary authority upon the management designees or other persons named as proxy with respect to amendments to or variations of matters identified in the Notice of Annual General Meeting of Shareholders and any other matters which may properly come before the Meeting. At the time of printing of this Information Circular, the Management of the Corporation knows of no such amendment, variation or other matter.

RECORD DATE

The Board of Directors of the Corporation has set August 13, 2004, as the Record Date for the Meeting. Only shareholders of the Corporation of record as at that date are entitled to receive notice of and to vote at the Meeting unless after that date a shareholder of record transfers his shares and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that he owns such shares, requests at least 10 days prior to the Meeting that the transferee's name be included in the list of shareholders entitled to vote, in which case, such transferee is entitled to vote such shares at the Meeting. In addition to the foregoing shareholders of record, the Corporation will be providing copies of the meeting materials to intermediaries who will be responsible for distributing such meeting materials to beneficial shareholders who have indicated their desire to receive such materials.

VOTING OF SHARES

Voting of Common Shares - General

Only the persons registered as holders of the common shares of record at the record date are entitled to vote such shares at the Meeting on the basis of one vote for each common share held, the common shares being the only class of shares entitled to vote at the Annual General Meeting of Shareholders.

Voting of Common Shares – Advice to Beneficial Holders

The information set forth in this section is of significant importance to many shareholders of the Corporation, as a substantial number of shareholders do not hold shares in their own name. Shareholders who do not hold their shares in their own name (referred to in this Information Circular as "Beneficial Shareholders") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of common shares will be recognized and acted upon at the Meeting. If the shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder's name on the records of the Corporation. Such shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their shares are communicated to the appropriate person well in advance of the Meeting.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by their broker (or agent of the broker) is identical to the form of proxy provided to registered shareholders by the Corporation. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Independent Investor Communications Corporation ("IICC"). IICC typically provides a special sticker or form with the proxy forms, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to IICC. IICC then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving a proxy with an IICC sticker or form cannot use that proxy to vote shares directly at the Meeting – the proxy must be returned to IICC well in advance of the Meeting in order to have the shares voted.**

Although a Beneficial Shareholder may be not recognized directly at the Meeting for the purpose of voting common shares registered in the name of their broker (or an agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered shareholder and vote the common shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their common shares as proxyholder for the registered shareholder, should enter their own names in the blank space on the Instrument of Proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided to them, well in advance of the meeting.

PRINCIPAL HOLDERS OF VOTING SHARES

Of the Corporation's authorized number of Common Shares and as at August 6, 2004, 14,019,605 Common Shares are issued and outstanding as fully paid and non-assessable. To the knowledge of the directors and executive officers of the Corporation, the shareholders beneficially owning, directly or indirectly, equity shares carrying more than 10% of the voting rights of the outstanding equity shares of the Corporation are:

Name and Municipality of Residence	Type of Ownership	Number of Shares Held	Approximate % of Issued and Outstanding Equity Shares
William H. Comrie[1] Edmonton, Alberta	of record and beneficial	5,512,500	39.32 %
Timothy J. Latimer[2] Edmonton, Alberta	of record and beneficial	2,927,000	20.88%

[1]Includes 5,150,000 common shares owned by LB Asset Holding Corp.
[2] Includes common shares held by 1086825 Alberta Ltd. and JL Legacy Ltd. in which Mr. Latimer has control or directon.

As of the 6th day of August, 2004, the directors and senior officers as a group owned beneficially, directly and indirectly, 4,382,000 common shares of the Corporation representing approximately 31.3% of the presently issued and outstanding common shares of the Corporation. The foregoing does not include common shares of the Corporation to be issued pursuant to the Stock Option Plan and other agreements.

REPORT ON EXECUTIVE COMPENSATION

The Board of Directors exercises general responsibility regarding overall employee and executive officer compensation. It determines the total compensation of the President and other executives.

The purpose of the Corporation's executive compensation policy is to attract and retain individuals of high caliber to serve as executive officers and employees of the Corporation, to motivate their performance in order to achieve the Corporation's strategic objectives, and to align the interests of executive officers and employees with the long-term interests of the Corporation's shareholders.

Executive officer compensation consists of essentially two components: base salaries and performance pay. In establishing executive compensation, the Board of Directors is guided by the following principles:

(1) Salary compensation shall be set depending on individual performance, corporate results and general economic factors.

(2) The Corporation may from time to time grant stock options to executive officers to provide incentive compensation based on the performance of the Corporation. These options shall be granted in blocks as determined by the Board of Directors.

The Corporation has in place a stock option plan dated June 26, 1996 as amended on August 8, 2002 (the "Plan") pursuant to which the Board of Directors of the Corporation may allocate non-transferable options to purchase Common Shares to directors, officers, employees and consultants of the Corporation and its subsidiaries. On July 25, 2002, the new stock option plan identified the number of shares that may be available for issuance from time to time under the Plan is not to exceed twenty (20%) percent of the number of shares issued and outstanding in the capital of the Corporation. Under the Plan the aggregate number of Common Shares available for issuance available to any one person shall not exceed five (5%) percent of the issued and outstanding Common Shares of the Corporation.

The exercise price of options issued pursuant to the Plan shall not be less than the price permitted by any stock exchange on which the Common Shares of the Corporation are then listed or other regulatory body having jurisdiction.

Compensation of Executive Officers

As at January 31, 2004, the Corporation had two executive officers, which continue to serve with the Corporation. The aggregate cash compensation (including salaries, fees, commissions, bonuses to be paid for services rendered, bonuses paid for services rendered in a previous year, and any compensation other than bonuses earned, the payment of which is deferred but does not include directors fees), paid to and/or accrued in favour of such executive officers and corporations controlled by them by the Corporation for services rendered during the fiscal year ended January 31, 2004 was $110,600. The Corporation did not pay or accrue any other aggregate additional direct non-cash compensation to the executive officers during the financial year ended January 31, 2004.

Summary Compensation Table

The following table sets forth a summary of the annual and long term compensation for services paid during the Corporation's three most recently completed financial years ended January 31, 2002, January 31, 2003 and January 31, 2004 to the CEO and the Corporation's most highly compensated executive officers from the Corporation (hereinafter the "Named Executive Officers").

SUMMARY COMPENSATION TABLE

		Annual Compensation			Long Term Compensation			
					Awards		Payouts	
Name & Principal Position	Year	Salary	Bonus	Other Annual Compensation	Securities Under Options/ SARs Granted	Restricted Shares or Restricted Share Units	LTIP Payouts	All Other Compensation[1]
Randy Clifford[2] Chairman & CEO	2004	Nil	Nil	$59,600	Nil	Nil	Nil	$8,000
	2003	Nil	Nil	$12,381	Nil	Nil	Nil	$8,000
	2002	Nil	Nil	Nil	Nil	Nil	Nil	$8,000
Ron Vernerey[3] Secretary	2004	Nil	Nil	$51,000	Nil	Nil	Nil	$8,000
	2003	Nil	Nil	$8,400	Nil	Nil	Nil	$8,000
	2002	Nil	Nil	Nil	Nil	Nil	Nil	$8,000
Brian Alguire President	2004	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2003	$90,000	Nil	$6,900	Nil	Nil	Nil	Nil
	2002	$84,000	$43,700	Nil	Nil	Nil	Nil	Nil

[1] Directors Fees
[2] R. Clifford's compensation was paid as consulting fees to a company owned by his spouse.
[3] R. Vernerey's compensation was paid as consulting fees to a company owned by himself.

Options/SAR Grants During the Most Recently Completed Financial Year

There were no options granted during the Corporation's financial year ended January 31, 2004.

Aggregated Options/SAR Exercises During the Most Recently Completed Financial Year and Financial Year End Options

There were no options or SARs exercised during the financial year ended January 31, 2004 by the Named Executive Officers.

COMPENSATION OF DIRECTORS

Compensation of Directors

The directors receive $8,000 per year in fees for services provided in their capacity as directors. Direct expenses incurred by the directors in the performance of their duties are reimbursed. The directors may participate in the Stock Option Plan.

OTHER COMPENSATION

Other than as set forth above, the Corporation did not pay any additional compensation to the Named Executive Officers or directors (including personal benefits and securities or properties paid or distributed which compensation was not offered on the same terms to all full time employees) during the most recently completed financial year of the Corporation. See also Indebtedness of Directors and Officers.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

At August 6, 2004 no directors, officers or senior employees of the Corporation are indebted to the Corporation.

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of directors, officers and senior employees of the Corporation, any shareholder who beneficially owns more that 10% of the common shares of the Corporation, or any known associate or affiliate of these persons in any transactions since the commencement of the Corporation's last completed fiscal year and in any proposed transaction which has materially affected or would materially affect the Corporation other than as specified elsewhere in this Information Circular, and the following:

1. Ed A. Hawryluk, R. Vernerey, R. Clifford and an associate of a shareholder holding more than 10% of the issued and outstanding shares of the Corporation (William Comrie through B.C. Investments Ltd.) are holders of a portion of the Corporation's 10% Series "B" Subordinated Debenture ("Debenture"). The Debenture matures on November 30, 2008.

2. The Corporation leases two of their buildings from corporations which are owned by related parties of E. Hawryluk, R. Vernerey and R. Clifford.

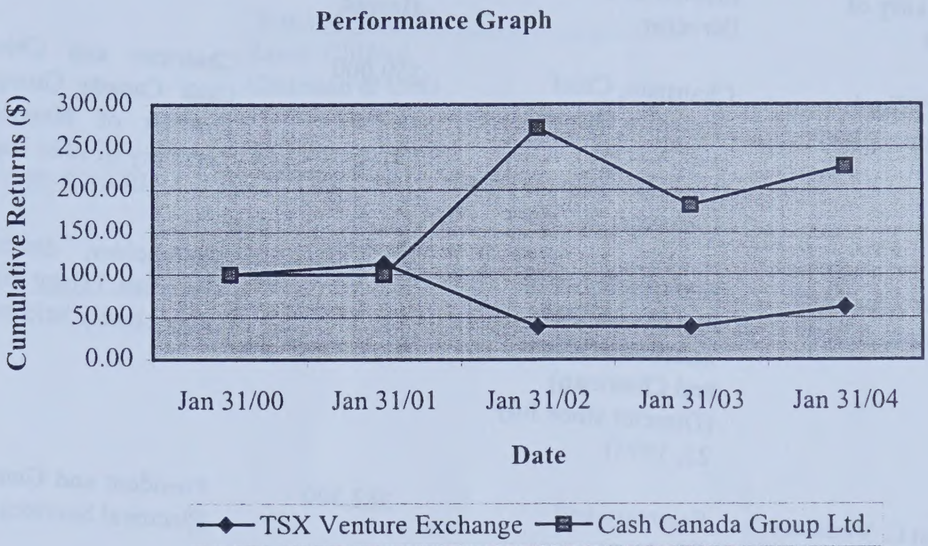
MANAGEMENT CONTRACTS

The Corporation has not entered into any material contracts other than contracts in the ordinary course of business and those disclosed in this Information Circular and attached financial statements.

PEFORMANCE GRAPH

The table and graph below compare the percentage change in total cumulative shareholder return with the cumulative total return of the TSX Venture Exchange Index for the period ended January 31, 2000 to January 31, 2004. The Corporation's Common Shares commenced trading on the Alberta Stock Exchange (now known as the TSX Venture Exchange) on June 22, 1992. Returns are based upon the closing values on the last day of trading in each month indicated and the value on January 31, 2000 has been arbitrarily designated as 100.0.

Shareholder Return Performance Graph Comparison of January 31, 2000 to January 31, 2004 Cumulative Total Return on Common Shares of the Corporation in Relation to the TSX Venture Exchange Index



	Jan 31, 2000	Jan 31, 2001	Jan 31, 2002	Jan 31, 2003	Jan 31, 2004
TSX Venture Exchange Index	100.00	112.90	38.86	38.81	62.30
Cash Canada Group Ltd.	100.00	100.00	272.73	181.82	227.27

BUSINESS OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS FOR THE FINANCIAL YEAR ENDING JANUARY 31, 2004

To the knowledge of the Corporation's directors, the only matters to be placed before the Meeting are those set forth in the accompanying Notice of Annual General Meeting of Shareholders relating to the receipt of the audited financial statements, the election of the directors and the appointment of the auditors for the ensuing year

Financial Statements and Auditors' Report

The audited financial statements of the Corporation for the financial year ended January 31, 2004 and the report of the auditor thereon are attached as Schedule "A" to this Information Circular.

Election of Directors

It is proposed that the following persons will be nominated at the Meeting. IT IS THE INTENTION OF THE MANAGEMENT DESIGNEES, IF NAMED AS PROXY, TO VOTE FOR THE ELECTION OF SAID PERSONS TO THE BOARD OF DIRECTORS UNLESS OTHERWISE DIRECTED. Each director elected will hold office until the next annual meeting, or until his successor is duly elected or appointed, or unless his office is earlier vacated in accordance with the *Business Corporations Act* (Alberta).

The following information relating to the director nominees is based partly on the Corporation's records and partly on information received by the Corporation from the said nominees and sets forth the name and municipality of residence of each of the persons proposed to be nominated for election as a director, his principal occupation at present, all other positions and offices in the Corporation held by him, the year in which he was first elected a director, and the approximate number of common shares of the Corporation that he has advised the Corporation are beneficially owned by him, directly or indirectly.

Name and Municipality of Resident	Position Presently Held and Year Elected as a Director	Shares Beneficially Held as of the Date Hereof	Principal Occupation During Past Five Years
Randy Clifford Edmonton, Alberta	Chairman, Chief Executive Officer and Director (Director since September 5, 1996)	359,000	Chairman and Chief Executive Officer, Cash Canada Group Ltd.; President and Director of Westview Commercial Inc.; Secretary of Blue Lagoon Ventures Inc.
Timothy J. Latimer Edmonton, Alberta	Director (formerly President, Chief Executive Officer and Chairman) (Director since July 25, 1993)	2,927,000	Shareholder, director and President of Canadian Fringe Bankers Inc. and several other closely held investment companies.
Ronald C. Vernerey Edmonton, Alberta	Secretary and Director (Director since July 30, 1995)	382,500	President and General Manager of Trontek Electrical Services Inc.
Ed A. Hawryluk St. Albert, Alberta	Director (Director since July 30, 1995)	713,500	President of Aerotek Equipment Ltd.

The Corporation is required to have an audit committee pursuant to the *Business Corporations Act* (Alberta). The audit committee is presently comprised of Timothy J. Latimer, Ed A. Hawryluk and Ronald C. Vernerey.

Appointment of Auditors

The shareholders will be asked at the Meeting to vote for the appointment of BDO Dunwoody, Chartered Accountants, Edmonton, Alberta, as auditors for the Corporation for the ensuing year and to authorize the directors to fix their remuneration. BDO Dunwoody has acted as auditors of the Corporation since October 18, 1995.

Other Business

Management is not aware of any other business to come before the Meeting other than as set forth in the Notice of Annual General Meeting of Shareholders. If any other business properly comes before the Meeting, it is the intention of the persons named in the Instrument of Proxy to vote the Common Shares represented thereby in accordance with their best judgment on such matter.

CERTIFICATE:

The foregoing and the Schedules attached hereto contain no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

DATED: August 6, 2004

"Randy Clifford"
Randy Clifford
Chairman & CEO

ON BEHALF OF THE BOARD

"Ed Hawryluk"
Ed Hawryluk
Director

"Tim Latimer"
Tim Latimer
Director

Cash Canada Group Ltd.
Financial Statements
For the years ended January 31, 2004 and 2003

BDO

Cash Canada Group Ltd.
Financial Statements
For the years ended January 31, 2004 and 2003

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Driving growth

BDO Dunwoody LLP
Chartered Accountants
and Advisors

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10665 Jasper Avenue
Edmonton Alberta Canada T5J 3S9
Telephone: (780) 423-4353
Telefax: (780) 424-2110

www.bdo.ca

Auditors' Report

To the Shareholders of
Cash Canada Group Ltd.

We have audited the balance sheets of Cash Canada Group Ltd. as at January 31, 2004 and 2003 and the statements of retained earnings, operations and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Signed ***"BDO Dunwoody LLP"***

Chartered Accountants

Edmonton, Alberta
March 24, 2004

Cash Canada Group Ltd.
Balance Sheets

January 31	2004	2003*
Assets		
Current		
Cash	$ 572,617	$ 236,772
Accounts receivable	15,541	32,030
Loans and service charges receivable (Note 2)	2,273,471	2,265,655
Inventory	1,949,417	1,815,802
Prepaid expenses and deposits	130,118	87,121
	4,941,164	4,437,380
Capital assets (Note 3)	1,108,289	1,138,707
Future income taxes (Note 6b)	45,000	15,000
Deferred opening costs (Note 4)	24,066	116,815
	$ 6,118,519	$ 5,707,902
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	$ 565,700	$ 524,749
Income taxes payable	186,371	171,000
Future income taxes (Note 6b)	138,000	173,000
Current portion of long-term debt (Note 7)	114,997	243,415
Current portion of debentures (Note 8)	-	1,268,000
	1,005,068	2,380,164
Long-term debt (Note 7)	-	5,599
Debentures (Note 8)	1,117,000	-
	2,122,068	2,385,763
Shareholders' equity		
Share capital (Note 9)	3,584,720	3,569,720
Retained earnings (deficit)	411,731	(247,581)
	3,996,451	3,322,139
	$ 6,118,519	$ 5,707,902

On behalf of the Board:

Signed *"Randy Clifford"* Director
Randy Clifford, Director

Signed "Ed Hawryluk" Director
Ed Hawryluk, Director

* Restated (see Note 16)

The accompanying notes are an integral part of these financial statements.

BDO

Cash Canada Group Ltd.
Statements of Retained Earnings

For the years ended January 31		2004		2003
Deficit, beginning of year				
As previously reported	$	**(49,385)**	$	(560,100)
Change in accounting policy (Note 16)		**(198,196)**		(162,667)
As restated		**(247,581)**		(722,767)
Net income for the year		**659,312**		475,186
Retained earnings (deficit), end of year	$	**411,731**	$	(247,581)

The accompanying notes are an integral part of these financial statements.

BDO

Cash Canada Group Ltd.
Statements of Operations

For the years ended January 31	2004	2003*
Revenue		
Merchandise sales	$ 7,108,501	$ 6,378,798
Service charges	5,011,285	4,524,654
	12,119,786	10,903,452
Expenses		
Amortization - capital assets	197,377	194,187
- deferred opening costs	92,749	123,696
Cost of goods sold	4,688,796	4,172,115
Interest on debentures	103,481	101,163
Interest on long-term debt	8,126	12,972
Operating and administrative	6,054,945	5,514,133
	11,145,474	10,118,266
Income before income taxes	974,312	785,186
Income taxes (benefit) (Note 6a)		
Current	380,000	171,000
Future	(65,000)	139,000
	315,000	310,000
Net income for the year	$ 659,312	$ 475,186
Earnings per share (Note 14)	$ 0.047	$ 0.035
Diluted earnings per share (Note 14)	$ 0.048	$ 0.034

* Restated (see Note 16)

The accompanying notes are an integral part of these financial statements.

BDO

Cash Canada Group Ltd.
Statements of Cash Flows

For the years ended January 31		2004		2003*
Cash flows from operating activities				
Net income for the year	$	659,312	$	475,186
Items not involving cash				
Amortization - capital assets		197,377		194,187
- deferred opening costs		92,749		123,696
Future income taxes		(65,000)		139,000
Stock-based compensation (Note 9b)		-		6,900
Directors' fees (Note 12c)		-		11,000
Other		-		(3,683)
		884,438		946,286
Net change in non-cash working capital balances (Note 11)		(111,617)		(325,490)
		772,821		620,796
Cash flows from investing activities				
Purchase of capital assets		(166,959)		(204,170)
Deferred opening costs paid		-		(61,261)
		(166,959)		(265,431)
Cash flows from financing activities				
Proceeds from long-term debt		-		125,000
Repayment of long-term debt		(134,017)		(224,525)
Repayment of debentures		(1,268,000)		-
Proceeds on issuance of debentures		1,117,000		-
Repayment of operating line of credit		-		(185,829)
Issuance of share capital		15,000		56,500
		(270,017)		(228,854)
Increase in cash during the year		335,845		126,511
Cash, beginning of year		236,772		110,261
Cash, end of year	$	572,617	$	236,772

During the year, the Company paid interest on debentures and long-term debt of $111,600 (2003 - $132,800). The amount for 2003 includes interest on a personal loan and related party advances. The Company paid income taxes of $171,000 (2003 - $nil).

* Restated (see Note 16)

The accompanying notes are an integral part of these financial statements.

BDO

1. Summary of Significant Accounting Policies

Nature of Business

The Company was incorporated on May 27, 1988, in the province of Alberta, and is in the business of collateral lending and the selling of used merchandise. Revenue is derived initially through interest and handling charges on collateral loans. Additional revenue is generated from the resale of personal properties unclaimed by the individuals on the loans as well as personal property purchased outright from the public.

Management Estimates

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Because the precise determination of many assets, liabilities, revenue and expenses is dependent on future events, the preparation of financial statements for a period necessarily includes the use of estimates and approximations which have been made using careful judgement. Actual results could differ from those estimates. These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting principles summarized below.

Loans and Revenue Recognition

Short-term collateral loans are made on the pledge of tangible personal property. The Company accrues service charges on a pro-rata basis over the life of the loan, reduced for expected collection based on historical results.

If the collateral loan is not repaid, the principal amount loaned plus the accrued service charges becomes the carrying value of the forfeited collateral (inventory) which is recovered through sale.

Merchandise sales are recorded when the customer takes possession of the goods. Payments received from customers on layaway sales are deferred until the period in which final payment is received and the goods released to the customer.

Inventory

Inventory is stated at the lower of cost and net realizable value, with cost being substantially determined on a specific item basis. Inventory valuation allowances are established when inventory carrying values are in excess of estimated selling price.

1. **Summary of Significant Accounting Policies** (continued)

Capital Assets

Capital assets are recorded at cost. Amortization based on the estimated useful life of the asset is calculated on the diminishing balance basis as follows:

Building	5%
Equipment, signage and paving	10%
Vehicles	20%
Computer equipment	20%

Leasehold improvements are amortized on the straight line basis over the terms of the leases.

Deferred Opening Costs

Deferred opening costs relate to costs incurred to open new store locations and are being amortized on the straight line basis over twenty-four months. If locations are closed, any remaining balances are written-off in the related period.

Financial Instruments

The Company as part of its operations carries a number of financial instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying value unless otherwise noted.

Income Taxes

Under the asset and liability method of accounting for income taxes, future tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. In addition, the future benefits of income tax assets, including unused tax losses, are recognized, subject to a valuation allowance, to the extent it is more likely than not such losses will be ultimately utilized. Future income tax assets and liabilities are measured using enacted tax rates and laws expected to apply when the tax liabilities or assets are to be either settled or realized.

Earnings per Share

Basic earnings per common share are computed by dividing earnings from operations by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments.

1. **Summary of Significant Accounting Policies** (continued)

Stock-based Compensation

Effective November 1, 2003, the Company chose to prospectively adopt the amended recommendations of the Canadian Institute of Chartered Accountants with respect to Section 3870 "Stock-based Compensation and Other Stock-based Payments". The amended recommendations require the expensing of all stock-based compensation awards. Previously, the Company had followed the recommendations which encouraged, but did not require, the use of a fair value based method to account for stock-based compensation to employees. The adoption of this amended accounting policy has no cumulative effect on the prior year financial statements.

2. **Loans and Service Charges Receivable**

	2004	2003*
Collateral loans receivable	$ 1,937,507	$ 1,928,545
Service charges receivable	335,964	337,110
	$ 2,273,471	$ 2,265,655

Collateral loans are granted for a 30 day period but can be extended if they are in good standing. All loans are secured by tangible personal property placed in the custody of the Company. Varying rates exist for interest, storage and handling fees on these loans.

Service charges are accrued only to the extent that collection is expected based on historical results.

* Restated (see Note 16)

3. **Capital Assets**

	2004		2003	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	$ **119,612**	$ **-**	$ 119,612	$ -
Building	**75,797**	**26,333**	47,902	18,172
Store equipment	**765,256**	**267,690**	683,788	215,357
Office equipment	**101,235**	**33,405**	84,271	26,702
Signage	**76,780**	**28,432**	76,780	23,061
Paving	**3,841**	**2,375**	3,841	2,212
Vehicles	**38,978**	**21,639**	38,978	17,304
Computer equipment	**312,147**	**176,096**	293,504	144,945
Leasehold improvements	**601,782**	**431,169**	579,792	342,008
	$ **2,095,428**	$ **987,139**	$ 1,928,468	$ 789,761
Net book value		$ **1,108,289**		$ 1,138,707

4. **Deferred Opening Costs**

	2004		2003	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Deferred opening costs	$ **79,520**	$ **55,454**	$ 224,160	$ 107,345
Net book value		$ **24,066**		$ 116,815

5. **Bank Indebtedness**

The operating line of credit bears interest at the bank's prime rate plus 2%, is payable monthly, and secured by all assets of the Company and a postponement of the debentures. The maximum financing available on this operating line of credit is $510,000. At January 31, 2004, the Company had no draws outstanding against this line of credit. Subsequent to year end, an agreement in principle has been reached to replace this line of credit.

This banking agreement will provide the Company access up to a maximum of $1.5 million in financing through a demand loan. This loan will bear interest at prime plus 1.25%, will be payable monthly, and will be secured by all assets of the Company and a postponement of the debentures. In addition, the Company will need to comply with certain cash flow and working capital covenants.

6. Income Taxes

a) A reconciliation of income taxes at Canadian statutory rates with the reported income taxes is as follows:

	2004	2003*
Statutory income tax rate	36.5%	39.0%
Taxes computed at the effective tax rate	$ 356,000	$ 307,000
Non-deductible expenses	4,000	6,000
Effect of rate changes	(45,000)	(3,000)
Total income taxes	$ 315,000	$ 310,000

b) The income tax effects of temporary differences that gave rise to significant portions of the future income tax asset and liability are presented below:

Future income tax asset (non-current)

	2004	2003
Capital assets	$ (65,000)	$ (53,000)
Deferred opening costs	(8,000)	(43,000)
Foreign exploration and development pool	33,000	35,000
Cumulative eligible capital	65,000	53,000
Other	20,000	23,000
	$ 45,000	$ 15,000

Future income tax liability (current)

	2004	2003*
Service charges recorded at the inception of the loan, included in service charges receivable	$ 113,000	$ 123,000
Service charges included in inventory	25,000	50,000
	$ 138,000	$ 173,000

* Restated (see Note 16)

7. Long-term Debt

	2004	2003
6% demand term loan, payable in monthly instalments of $1,390 including interest, secured by land and building with a carrying value of $169,076, matures January 2013	$ 114,997	$ 124,247
Prime plus 2.25% demand non-revolving loan, repaid during the year	-	110,000
10.5% capital lease, repaid during the year	-	14,767
	114,997	249,014
Less amounts included in current liabilities	114,997	243,415
	$ -	$ 5,599

The recommendations of the Emerging Issues Committee of the Canadian Institute of Chartered Accountants, concerning the presentation of debt, require that the classification of debt in a debtor's balance sheet be based upon the facts existing at the balance sheet date rather than expectations. Therefore, demand loans are presented as a current liability.

Subsequent to year end, this mortgage was repaid.

8. Debentures

During the year, the Series A Convertible Subordinated Debentures were redeemed for their face value of $1,268,000.

In December 2003, the Company raised $1,117,000 through a public placement of 10% Series B Subordinated Debentures, maturing November 30, 2008. The debentures are secured by a fixed and floating charge over all assets of the Company. No principal payments are required on these debentures until the maturity date.

The debenture agreement specifies certain covenants including a requirement that the ratio of debentures payable to current assets not exceed 1:1.25. Maturity of the debentures may be accelerated if certain conditions exist or the Company is in default of any covenants as outlined in the debenture agreement, subject to waiver by the debenture trustee. As at January 31, 2004, the Company was not in violation of these covenants.

Debentures include $343,000 (2003 - $218,500) held directly and indirectly by directors and related parties. During the year, $20,329 (2003 - $17,480) of debenture interest was paid to related parties.

9. Share Capital

a) Authorized

50,000,000	Common shares
10,000,000	Preferred shares
22,500	Series A, 5% cumulative, convertible, preferred shares
67,500	Series B, 5% cumulative, convertible, preferred shares

b) Issued

	2004		2003	
	Common Shares Issued	**Amount**	Common Shares Issued	Amount
Balance, beginning of year	**13,919,605**	**$ 3,569,720**	13,324,605	$ 3,506,320
Options exercised for cash	**100,000**	**15,000**	565,000	56,500
Stock-based compensation	**-**	**-**	30,000	6,900
Balance, end of year	**14,019,605**	**$ 3,584,720**	13,919,605	$ 3,569,720

c) Stock Option Plan

Effective June 13, 2002, the Company adopted a new stock option plan. Under this plan, the Board may grant options to purchase common shares to the officers, directors and employees of the Company, and to consultants retained by the Company. The exercise price and vesting period of granted options will be determined by the Board at the time of the granted options. The aggregate number of common shares reserved for issuance under the plan is 20% of the issued and outstanding common shares. As at January 31, 2004, no stock options have been granted under the new plan and 30,000 stock options granted under the old plan are still outstanding.

Since the outstanding options were granted prior to February 1, 2002, the Company is not required to present pro-forma disclosure of what the results would have been had the fair value method been applied to these options.

9. Share Capital (continued)

c) Stock Option Plan (continued)

A summary of the status of the Company's stock option plan as of January 31, 2004 and 2003 and the changes during the years then ended are as follows:

	2004		2003	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	**480,000**	**$ 0.14**	1,045,000	$ 0.12
Exercised for cash	**(100,000)**	**0.15**	(565,000)	0.10
Lapsed	**(350,000)**	**0.14**	-	-
Balance, end of year	**30,000**	**0.15**	480,000	0.14

	2004	2003
Number of options exercisable at $0.10 per share, expiring April 28, 2005	-	50,000
Number of options exercisable at $0.15 per share, expiring April 28, 2006	**30,000**	430,000
	30,000	480,000

10. Commitments

The Company is committed under various operating leases for premises and computer equipment in each of the next five years as follows:

Year	**Amount**
2005	$ 779,500
2006	664,000
2007	371,500
2008	229,000
2009	150,000

11. Net Change in Non-cash Working Capital Balances

	2004	2003*
Accounts receivable	**$ 16,489**	$ 36,766
Service charges receivable	**1,146**	(57,039)
Collateral loans receivable	**(8,962)**	(318,941)
Inventory	**(133,615)**	(145,849)
Prepaid expenses and deposits	**(42,997)**	(12,932)
Accounts payable and accrued liabilities	**40,951**	1,505
Income taxes payable	**15,371**	171,000
	$ (111,617)	$ (325,490)

12. Related Party Transactions

a) Rent and Operating Costs

During the year, $90,300 (2003 - $79,100) was paid to companies partially owned by up to three directors for rent and operating costs at two locations. The Company has lease agreements for base rent charges and operating costs with these companies. The leases expire October 2009 and January 2014. In 2003, $43,600 was paid to an individual related to a former officer for rent and operating costs.

b) Consulting Fees

During the year, $59,600 (2003 - $12,400) was paid to a company owned by an individual related to a director for consulting fees. In addition, $51,000 (2003 - $8,400) was paid to a director's company for consulting fees.

c) Notes Receivable

During the year ended January 31, 2003, $17,000 of the interest free notes receivable were repaid. This payment included $11,000 from a director in the form of services rendered, resulting in directors' fees of $11,000 which were included in operating and administrative expenses for 2003. These loans were originally used to exercise the options to purchase shares in the year ending January 31, 2000.

d) Operating Loans

During the year, $nil (2003 - $250,000) was loaned to the Company from a director and an individual related to a former officer. These loans were repaid during the prior year and bore interest at 15% per annum. Operating and administrative expenses include interest paid on these advances of $nil (2003 - $15,800).

* Restated (see Note 16)

12. Related Party Transactions (continued)

e) Amalgamation

Effective February 1, 2002, the Company amalgamated with its wholly-owned subsidiaries Loan Shark Exchange Inc. and American Trading & Exchange Inc. As these companies were inactive and previously consolidated, there was no impact on these financial statements.

The transactions in a) through d) have been recorded at the exchange amounts (the amount of consideration established and agreed to by the related parties).

13. Segmented Information

The Company continues to operate exclusively in the collateral loan industry as its sole operating segment. The Company's eighteen stores are located in the same geographical area being Alberta, Canada.

14. Earnings per Share

Earnings per common share and diluted earnings per common share have been calculated using the weighted average number of common shares outstanding during the year as follows:

	2004	2003
Basic weighted average number of shares	**14,006,454**	13,605,180
Diluted weighted average number of shares	**13,843,562**	14,089,575

The conversion feature on the former debenture has not been included in the calculation of diluted earnings per share for the year ended January 31, 2003, as to do so would be anti-dilutive. The current debenture has no conversion features.

15. Financial Instruments

As disclosed in the summary of significant accounting policies, the Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to interest rate risk and industry credit and fair value risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

a) Interest Rate Risk Management

The Company manages its exposure to interest rate risk through a combination of fixed and floating rate borrowings. The fixed rate debt is subject to interest rate price risk, as the value will fluctuate as a result of changes in market rates. The floating rate debt is subject to interest rate and cash flow risk, as the required cash flows to service the debt will fluctuate as a result of changes in market rates. The related disclosure regarding these debt instruments are found in Notes 5, 7 and 8 to these financial statements.

15. Financial Instruments (continued)

b) Credit and Fair Value Risk

The Company's service charges receivable and loans receivable are from transactions within the collateral loan industry and as such, the Company is exposed to all the risks of that industry. The Company manages its risk by taking sufficient security in the form of tangible property on loans. When a customer defaults on a loan, the security becomes the property of the Company and is transferred to inventory as described in Note 1. Service charges receivable are accrued only to the extent that collection is expected based on historic results. The Company establishes an allowance for inventory valuation based on the quality and age of the inventory, historical and other information.

16. Change in Accounting Policy

During the year, the Company reviewed its revenue recognition policy and as a result, changed its accounting policy to limit the accrual of service charges to the amount expected to be collected based on historic collection rates. This change has been applied on a retroactive basis with the restatement of the comparative figures for the year ended January 31, 2003. The effect of the change in accounting policy for the year ended January 31, 2003 is as follows:

	As Previously Stated	As Restated	Change
Balance Sheet			
Service charges receivable	$ 504,075	$ 337,110	$ 166,965
Inventory	1,932,033	1,815,802	116,231
Income taxes payable	(100,000)	(171,000)	71,000
Future income tax liability	(329,000)	(173,000)	(156,000)
Deficit, beginning of year	560,100	722,767	(162,667)
Net income for the year	(510,715)	(475,186)	(35,529)
Deficit, end of year	49,385	247,581	(198,196)
Statement of Operations			
Service charges revenue	$ (5,009,951)	$ (4,524,654)	$ (485,297)
Cost of goods sold	4,618,883	4,172,115	446,768
Current income tax expense	100,000	171,000	(71,000)
Future income tax expense	213,000	139,000	74,000
Decrease in net income for the year			$ (35,529)

For the year ended January 31, 2003, the effect of the change in accounting policy on basic and diluted earnings per share is a decrease of $0.003 and $0.002 per share respectively.

Management Discussion & Analysis

Description of Business

Cash Canada Group Ltd. provides alternative financial solutions to individuals requiring immediate short-term cash loans using personal items for collateral. Revenue is generated from the interest and service charges applicable to these loans and profits from the sale of unclaimed merchandise. The Corporation also provides cheque cashing, prepaid phone service, money wires and other complimentary services.

Cash Canada Group Ltd. currently operates eighteen corporately owned locations throughout the province of Alberta.

Discussion of Operations and Financial Condition

Cash Canada Group Ltd. recorded gross revenues of $12,119,786 for the year ended January 31, 2004, this was an increase of $1,216,334 (11%) over the $10,903,452 recorded the previous year. Expenses for the year ended January 31, 2004 increased by $1,027,208 (10%) from the 2003 fiscal year end.

Revenue and expenses increased proportionately resulting in an increase of income before tax of $189,126 or 24% and an after tax net income increase of $184,126 representing a 38% improvement for the year ended January 31, 2004 from the previous year. Net, after tax, earnings per share for the year were $0.047 fully diluted.

At year-end the Company had current assets of $4,941,164 and current liabilities of $1,005,068, a current ratio of 4.92:1. Total assets were $6,118,519 with total liabilities of $2,122,068, a ratio of 2.88:1. At year-end, January 31, 2004, the book value of the Company was $3,996,451 or $0.28 per share, fully diluted. Cash Canada's retained earnings were $411,731 at January 31, 2004.

Cash Canada Group Ltd. paid rent and operating costs to companies owned by three of the directors. The Corporation also continues to maintain two contracts, on a month-to-month basis, with closely held corporations of two of the directors, Randy Clifford and Ron Vernerey, to provide consulting services to the Company.

Subsequent Events

Subsequent to the year end, the management of Cash Canada Group Ltd. changed its' accounting policy, this decision was made in agreement with the directors, audit committee and auditors for the Company. Recent inappropriate reporting by several U.S. public companies influenced the decision. As these problems may prompt changes in reporting procedures required by securities regulators, or changes to generally accepted accounting principles, the Company decided that in an abundance of caution a proactive approach to make a voluntary change to its' accounting policy now would constitute a reasonable approach.

The change that was made limits the accrual of service charges to the amount expected to be collected based on historic collection rates. This change was applied on a retroactive basis with the restatement of the comparative figures for the year ended January 31, 2004. The impact of the Corporation's restatement resulted in a positive earnings effect for the year ended January 31, 2004, while for the year ended January 31, 2003 and all prior years, negative adjustments of $35,529 and $162,667 were made respectively. Full details of the restatement may be found in Note 16., Change of Accounting Policy in the Audited Financial Statements for January 31, 2004.

In April of 2004, Mr. Ken Buchynski CGA was appointed as the Chief Financial Officer for Cash Canada Group Ltd. Mr. Buchynski has been the controller since March of 2002.

In May of 2004 the Company committed to integrate a centralized operating system to be supplied by a U.S. based software developer. Also during May, the Company used available funds to pay out a mortgage in the amount of $112,424.

Cash Canada has an agreement in principle with a major Canadian chartered bank for increased credit facilities. Documentation is being finalized and details should be available for release prior to June 30, 2004.

Financings, Principal Purposes and Milestones

On October 20, 2003 Cash Canada Group Ltd. issued an Offering Memorandum for the issuance of a minimum of $1,000,000 and a maximum of $4,000,000 of 10% Series B Subordinated Debentures. On December 1, 2003, the Company closed the first tranche of the issue with an amount of $1,117,000. These funds and cash on hand were used to pay out the Corporations' $1,268,000 8% Series A Convertible Subordinated Debentures that matured on November 30, 2003. Should the Company require, it may access any remaining balance of the offering up to the maximum until November 30, 2008.

Liquidity and Solvency

Cash Canada Group Ltd.'s working capital at January 31, 2004 was $3,936,096, an increase of $1,878,880 from the previous year. Management remains secure in the Corporation's ability to meet its' commitments well into the future.

Shareholders equity at January 31, 2004 was $3,584,720 ($0.255 per share).

Risk Management

Cash Canada Group Ltd. is potentially exposed to risk principally in two areas, the economy and interest rates. Generally, the economy does not pose a large risk to the Corporation, as its' services are necessary during both good and bad economic times, although a robust economy does improve revenue for the Corporation. Increases in interest rates could increase interest expenses but the largest portion of the Corporation's debt is in the form of a fixed rate debenture.

This Management Discussion and Analysis has been prepared by management and reviewed by the board of directors of Cash Canada Group Ltd.

"Randy Clifford"	"Ken Buchynski"
Randy Clifford	Ken Buchynski
Chairman & CEO	CFO & Controller

CASH CANADA GROUP LTD.

SCHEDULE "B"

STATEMENT OF CORPORATE GOVERNANCE

The following description of the Corporation's corporate governance practices is provided as recommended by The Toronto Stock Exchange (the TSE), with reference to the guidelines adopted by the TSE in 1995. For further in formation on the corporate governance of the Corporation and specifically, the Corporation's response to the TSE guidelines on corporate governance, see the following.

Corporate Governance Guidelines Compliance Table

GUIDELINES	COMPLIANCE	COMMENTS
1. The Board should explicitly assume the responsibly for the stewardship of the Corporation, including:		
(a) Adoption of a strategic planning process;	Yes	(a) The Board has undertaken and met this responsibility on an ongoing basis through their regular executive committee meetings to plan long term operational and financial goals and identify growth opportunities.
(b) Identification of the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks;	Yes	(b) The Board has identified those items, which they feel present the greatest risk in regard to the Corporation's business, including finances, competition, operations and growth. These items are reviewed on a regular, or as required basis.
(c) Succession planning, including appointing, training and monitoring senior management;	Yes	(c) Succession planning is encompassed within the Board's strategic planning process.
(d) Communications policy for the Corporation; and	Yes	(d) The Board works in conjunction with senior management in regard to investor relations and all continuous disclosure documents, including AGM material, press releases, and interim and audited financial statements.
(e) Integrity of the Corporation's internal control and management information systems.	Yes	(e) Senior management is responsible for the integrity of the internal control and management information systems. The Audit Committee meets annually with the auditors and reports to the Board. The Board also monitors all systems on a regular basis.

2.	The Board should be constituted with a majority of individuals who qualify as unrelated directors.	No	The Board is composed of four directors of which two are unrelated.
3.	Disclosure supporting the determinations of unrelated directors in Item 2.	See Comments	Randy Clifford as CEO is contracted to conduct the management of the Company and as such is a related director. Ron Vernerey is contracted by the Company to oversee operations and special projects and is therefore a related director. Tim Latimer and Ed Hawryluk are not related directors, as they are not involved in the management, nor do they provide any services to the Corporation beyond their service as directors.
4.	The Board should appoint a committee of directors composed exclusively of outside, i.e., non-management, directors, a majority of whom are unrelated directors; with the responsibility for proposing to the full Board and for assessing directors on an ongoing basis.	See Comments	The Board, as a whole, assesses individual directors as well as vetting and approving new nominees to the Board where required.
5.	The Board should implement a process for assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors.	See Comments	As the Board is comprised of only four directors there is not a specific committee to assess the effectiveness and contributions of each of the directors (see Note 4).
6.	Existence of an orientation and education program for new recruits to the Board.	Yes	With the assistance of management, new Board members would be given an understanding of the business of the Corporation and be tutored on the Corporations strategic goals and objectives.
7.	Consideration of the size of the Board and the impact of the number upon effectiveness.	Yes	Although the existing Board consists of only four members, this has provided the Corporation with the convenience of being able to call the Board together at short notice when necessary. The Board members are of diverse backgrounds and able to contribute an effective depth of parameters to work within. The existing Board reviews and assesses potential new candidates for additions.
8.	Adequacy and form of the compensation of directors that realistically reflects the responsibilities and risk involved in being an effective director.	Yes	The Board reviews the adequacy and form of compensation of its' directors and in their view feel that it is commensurate with the responsibilities and risks involved.

9. Committees of the Board should generally be composed of: (a) Outside directors; and	 See Comments	 Most committees of the Board are extensions of the Board and consist of all directors. The Audit Committee is required to be composed of three directors, as the Board consists of only four directors, the Company's audit committee consists of two outside directors and one inside director in order to maintain a majority of outside directors.
(b) a majority of whom are unrelated directors.	See Comments	See above.
10. The Board's responsibility for (or a committee of the Board's general responsibility for) developing the Corporation's approach to governance issues.	Yes	The Board has assumed the responsibility for corporate governance, issues of which are addressed as required.
11. The Board, together with the President and CEO, should develop position descriptions for the Board and the CEO, involving the definition of the limits to management's responsibilities. In addition, the Board should approve or develop the corporate objectives which the President and CEO are responsible for meeting.	Yes	The Board has mandated complete job descriptions for all positions and works closely with management to be assured this has been accomplished. The President or CEO is required to present a new business plan to Board each year, supported by financial projections and based on the overall strategic plan. The Board and management monitor this on a regular basis.
12. Existence of a system which enables an individual director to engage an outside adviser at the expense of the Corporation in appropriate circumstances.	Yes	All members of the Board are free to function independently of management in appropriate circumstances.
13. Decisions requiring Board approval.	Yes	All major Corporate decisions require Board approval.
14. Establish processes to receive shareholder feedback and deal with shareholder concern.	Yes	The Corporation openly publishes their phone numbers and addresses for contact from shareholders. Regular mail and email are used to forward shareholder information, including financial statements and press releases. The Corporation also maintains a web site for shareholder communication.